LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 6483 **NOTE PREPARED:** Feb 2, 2006
BILL NUMBER: SB 229 **BILL AMENDED:** Feb 1, 2006

SUBJECT: Independent College Self-Insurance Program.

FIRST AUTHOR: Sen. Lubbers **BILL STATUS:** As Passed Senate
FIRST SPONSOR: Rep. Turner

FUNDS AFFECTED: X **GENERAL** **IMPACT:** State
DEDICATED
FEDERAL

Summary of Legislation: (Amended) This bill allows independent colleges and universities to establish a trust to jointly self-insure retained risks under certain circumstances. It requires registration and regulation of such a trust by the Department of Insurance.

Effective Date: July 1, 2006.

Explanation of State Expenditures: (Revised) The bill would allow independent colleges and universities to enter into agreements to jointly self-insure certain risks and purchase stop-loss insurance coverage. The bill establishes the Independent Educational Institution Self-Insurance Consortium. The Consortium would consist of two or more Indiana private colleges and universities and would be able to self-insure the following types of coverage:

1. Property and casualty coverage.
2. Worker's compensation coverage.
3. Employee health coverage.
4. Employee vision coverage.
5. Employee dental coverage.
6. Other coverage.

The Consortium can establish a trust to cover certain retained risks and purchase stop-loss insurance coverage on the risks. The trust shall retain a total risk for the self-insurance fund of not more than 125% of the expected claims the following year and obtain stop-loss insurance coverage to cover losses in excess of the amount sel-insured by the consortium. Contributions by members must be set to fund 100% of the total risk retained by the self insurance fund plus all other costs of the trust.

The trust is to be registered with the Department of Insurance. The Department may deny, suspend, or revoke the registration of the trust if the commissioner finds that the trust:

1. Is in a hazardous financial condition.
2. Refuses to be examined or produce records for examination.
3. Has failed to pay a final judgement rendered against the trust by a court within 30 days.

The bill should not increase the expenditures of the Department of Insurance.

The consortium could reduce the insurance costs to colleges and universities by allowing them to pool their risks.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Private colleges and universities; Department of Insurance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.